

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: HANCOCK COUNTY RURAL ELECTRIC COOPERATIVE and WRIGHT COUNTY RURAL ELECTRIC COOPERATIVE	DOCKET NO. SPU-00-5
--	---------------------

**ORDER AUTHORIZING DISCONTINUANCE AND TRANSFER OF SERVICE
AND MODIFICATION OF SERVICE AREA BOUNDARIES**

(Issued June 14, 2000)

On May 10, 2000, Hancock County Rural Electric Cooperative (Hancock County) and Wright County Rural Electric Cooperative (Wright County) filed with the Utilities Board (Board) a joint application for discontinuance of electric service and the transfer of electric service to Prairie Energy Cooperative (Prairie Energy). Prairie Energy will be the successor in interest to Hancock County and Wright County due to a plan of consolidation that will be effective July 1, 2000. Hancock County and Wright County also request a modification of service area boundaries to reflect the consolidation. No objections or responses to the joint application were filed.

Hancock County and Wright County are cooperative associations organized pursuant to Iowa Code chapter 499 (1999) and are public utilities providing electric utility service at retail to member consumers pursuant to Iowa Code chapter 476 (1999). On March 8, 2000, members of Hancock County and Wright County approved the consolidation of the two cooperatives to form Prairie Energy. The

consolidation is a natural progression because Hancock County and Wright County currently share a manager and other personnel. A study commissioned by the two cooperatives indicates the merger will result in savings of \$3,000,000 over the next 11 years.

Prairie Energy will provide the electric service formerly provided by Hancock County and Wright County. Iowa Code § 476.20 (1999) and 199 IAC 7.12 provide that Board approval is required prior to a public utility discontinuing service. The Board will authorize the discontinuance of service by Hancock County and Wright County and the transfer of service to Prairie Energy as of July 1, 2000. Hancock County and Wright County are both electric cooperatives. Prairie Energy, the new entity created by the consolidation, will also be an electric cooperative. While the Board has certain jurisdiction over electric cooperatives pursuant to Iowa Code § 476.1B (1999), Hancock County and Wright County are not subject to rate regulation by the Board. Members of both cooperatives have approved the consolidation and Hancock County and Wright County have represented that Prairie Energy is ready, willing, and able to provide service to its member consumers, the former members of Hancock County and Wright County.

The Board will also approve the requested modification of the exclusive service area boundaries. Effective July 1, 2000, the territories formerly assigned to Hancock County and Wright County will be assigned to Prairie Energy. This modification does not impact the electric service area boundary of any other public utility. Hancock County and Wright County have alleged facts that establish the

proposed modification will prevent unnecessary duplication of facilities, will promote the efficient and economical use and development of electric systems, and is in the public interest. Iowa Code § 476.25(2) (1999).

Hancock County and Wright County state Prairie Energy will be adopting a new corporate tariff and have filed that tariff with the Board. However, until the Board approves the new Prairie Energy tariff, service must be provided to former members of Hancock County under the Hancock County tariff and service must be provided to former members of Wright County under the Wright County tariff.

IT IS THEREFORE ORDERED:

1. The joint application for authorization to discontinue and transfer service and to modify service area boundaries filed by Hancock County Rural Electric Cooperative and Wright County Rural Electric Cooperative on May 10, 2000, is granted.
2. Effective July 1, 2000, Hancock County and Wright County are authorized to discontinue service and transfer service to Prairie Energy Cooperative.

3. Effective July 1, 2000, the electric service territories of Hancock County and Wright County are transferred to Prairie Energy.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Judi K. Cooper
Executive Secretary, Deputy

/s/ Diane Munns

Dated at Des Moines, Iowa, this 14th day of June, 2000.